

## SUMMARY OF FINANCIAL STATEMENTS (CONSOLIDATED)

For the Full Year Ended March 31, 2014

Presented April 28, 2014

MACNICA, Inc.

Listed Market	Tokyo Stock Exchange
Stock Code	7631
Head Office	Kanagawa Prefecture
URL	www.macnica.co.jp
President and CEO	Kiyoshi Nakashima
Inquiries	Shigeyuki Sano, Director
Telephone	+81 45 470 9870
General meeting of stockholders	June 26, 2014
Scheduled date to payment of dividends	June 27, 2014
Scheduled date for filing of quarterly financial report	June 26, 2014

### 1. Financial Results for FY2013 (April 1, 2013 to March 31, 2014)

#### (1) Consolidated Operating Results

(Millions of yen)

	April 1, 2013 to March 31, 2014		April 1, 2012 to March 31, 2013	
	Amount	% Change	Amount	% Change
Net Sales	255,967	30.3	196,452	4.0
Operating Income	8,456	47.1	5,747	(16.6)
Ordinary Income	10,603	86.4	5,689	(14.3)
Net Income	6,382	90.6	3,348	0.3
Net Income per Share (yen)	360.39		189.15	
Potential post-adjustment net income value per share (yen)	359.18		—	
Return on Equity (ROE)(%)	9.1		5.3	
Return on Assets (%)	8.3		5.0	
Operating Income to Net Sales (%)	3.3		2.9	

Comprehensive income: Year ended March 31, 2014: 9,007 mil yen (73.0%); Year ended March 31, 2013: 5,205 mil yen (41.0%)

Equity method investment profit / loss: Year ended March 31, 2014: — mil yen; Year ended March 31, 2013: — mil yen

## (2) Consolidated Financial Position

(Millions of yen)

	As of March 31, 2014	As of March 31, 2013
Total Assets	139,715	115,315
Shareholders' Equity	75,255	67,186
Equity Ratio (%)	52.8	57.1
Shareholders' Equity per Share (yen)	4,160.37	3,717.99

Equity (consolidated): Year ended March 31, 2014: 73,774 mil yen; Year ended March 31, 2013: 65,819 mil yen

## (3) Consolidated Cash Flows

(Millions of yen)

	April 1, 2013 to March 31, 2014	April 1, 2012 to March 31, 2013
Cash Flows from Operating Activities	3,987	(3,259)
Cash Flows from Investing Activities	(1,501)	(1,867)
Cash flows from Financing Activities	(1,421)	(2,808)
Cash and cash Equivalents, End of Year	18,637	17,089

## 2. Dividends

	April 1, 2013 to March 31, 2014	April 1, 2012 to March 31, 2013	2015 (Est.)
Annual Dividends per Share (yen)	60.00	40.00	60.00
End of Term (yen)	30.00	20.00	30.00
Mid Term (yen)	30.00	20.00	30.00
Total Dividends (millions of yen)	1,063	708	—
Payout ratio	16.6%	21.1%	17.5%
Shareholders' equity dividend yield	1.5%	1.1%	—

## 3. Consolidated Profit Forecast for the Year Ending March 31, 2015

(Millions of yen)

	Half Ending Sept. 30, 2014		Year Ending March 31, 2015	
Net Sales	132,000	6.0%	270,000	5.5%
Operating Income	4,890	17.5%	9,800	15.9%
Ordinary Income	4,780	(14.4%)	9,600	(9.5%)
Net Income	3,015	(19.5%)	6,060	(5.1%)
Net income per share (yen)	170.24		342.18	

#### 4. Additional Notes

- (1) Transfers of leading subsidiaries during the period (transfers of specified subsidiaries accompanied by changes in the scope of consolidation): None
- (2) Change in accounting policy, change in accounting estimates and restatement
- (i) Changes accompanying amendments to accounting standards: Yes
  - (ii) Changes other than those in (i) above: None
  - (iii) Change in accounting estimates: None
  - (iv) Restatement: None

Note: Depreciation method was changed from the current consolidated fiscal year, which is applied to "Changes in Accounting Policies which are Difficult to Distinguish from Changes in Accounting Estimates". For details, please refer to "III. Consolidated Financial Statements (5) Notes to the Consolidated Balance Sheet" on page 20.

- (3) Number of outstanding shares (common shares)
- (i) Number of shares issued and outstanding at end of period (including treasury stock)
 

End Fiscal Year 2014:	18,110,252 shares	End Fiscal Year 2013:	18,110,252 shares
-----------------------	-------------------	-----------------------	-------------------
  - (ii) Number of shares of treasury stock issued and outstanding at end of period
 

End Fiscal Year 2014:	377,587 shares	End Fiscal Year 2013:	407,215 shares
-----------------------	----------------	-----------------------	----------------
  - (iii) Average number of treasury stock during the period
 

End Fiscal Year 2014:	17,709,779 shares	End Fiscal Year 2013:	17,703,206 shares
-----------------------	-------------------	-----------------------	-------------------

#### (Reference) Non-consolidated performance summary

##### 1. Financial Results for FY2013 (April 1, 2013 to March 31, 2014)

###### (1) Consolidated Operating Results

(Millions of yen)

	April 1, 2013 to March 31, 2014		April 1, 2012 to March 31, 2013	
	Amount	% Change	Amount	% Change
Net Sales	120,634	21.0	99,670	6.7
Operating Income	1,630	—	(267)	—
Ordinary Income	4,297	281.8	1,125	(41.8)
Net Income	2,525	211.8	810	(18.3)
Net Income per Share (yen)	142.61		45.76	
Potential post-adjustment net income value per share (yen)	142.13		—	

###### (2) Non-consolidated Financial Position

(Millions of yen)

	As of March 31, 2014	As of March 31, 2013
Total Assets	83,632	77,084
Shareholders' Equity	46,217	44,317
Equity Ratio (%)	55.2	57.4
Shareholders' Equity per Share (Yen)	2,601.74	2,498.13

Equity (non-consolidated): Year ended March 31, 2014: 46,135 mil yen; Year ended March 31, 2013: 44,224 mil yen

Information regarding the quarterly review procedure:

This quarterly summary report is exempt from quarterly review procedure based on the Financial Instruments and Exchanges Act. It is under the review procedure process at the time of disclosure of this report.

Disclaimer regarding projection information including appropriate use of forecasted financial result, and other special notes:

The projection figures shown above are based on information that was available to management at the time of preparation, and assumptions which are considered to be reasonable. Actual performance and other factors may differ from these projections due to changes in circumstances and other developments. Please consult "I. Business Results and Financial Position, (1) Business Results" on page 6 of this document for additional discussion concerning forecasts.

## I. Business Results and Financial Position

### (1) Business Results

#### 1) Overview of Consolidated Fiscal Year

During the current consolidated fiscal year, the Japanese economy was on a recovery trend, and saw its exports mainly to the US market remain firm, led by a depreciation of the yen and a recovery in overseas economy, and further saw its domestic demand remain strong due to factors such as rush demand before the sales tax hike. This sparked a pick-up in manufacturing and other activities, and corporate earnings increased, which led capital expenditures to trend towards recovery. Consumer spending remained firm, reflecting the effects of the economic recovery, backed up by favorable corporate earnings and an improvement in the employment situation, as well as rush demand before the sales tax hike.

In the electronics industry to which we belong, the demand for smartphones continued to expand. In the computer market, despite that replacement demand for enterprise PCs became apparent, demand for conventional PCs stagnated as the market shifted to mobile devices including tablet PCs. In the consumer electronics market, domestic demand for cameras with interchangeable lenses remained strong due to rush demand before the sales tax hike, while demand for compact digital still cameras remained flat with the rise of smartphones. The automobile market remained firm supported by global demand mainly in the US and the rush demand before the sales tax hike domestically. The industrial equipment market tended towards recovery with production activities and investment in capital expenditures.

These factors resulted in a 30.3% year-on-year increase in net sales to 255,967 million yen, a 47.1% year-on-year increase in operating income to 8,456 million yen, a 86.4% year-on-year increase in ordinary income to 10,603 million yen due to foreign exchange gains of 2,222 million yen, and a 90.6% year-on-year increase in net income to 6,382 million yen.

#### IC, Electronic Devices and Other Business

The Group's business in the mobile device market trends downward due to the termination of a part of its mobile phone and smartphone businesses, while the demand for smartphones continues to drive the upward momentum and pushes for facility expansion, which led to strong sales in LTE base stations, as well as programmable logic devices (PLDs) and application specific standard products (ASSPs) for use in communication facilities. Although some analog ICs for compact digital still cameras were partially affected by production adjustment, sales in the consumer electronics market remained strong with the business franchise expanding for other consumer electronics products. The automobile market saw the sales of analog ICs and others expand at a steady pace, supported by new businesses in addition to a good demand environment in the North American market, among others. In the industrial equipment market, sales for products such as PLDs and analog ICs remained strong overall, reflecting the effects of the economic recovery.

As a result, net sales in the business were 236,000 million yen, a 30.8% year-on-year increase, and operating income was 5,694 million yen, a

year-on-year increase of 66.0%.

### Network Business

In the network business, despite that the demand reversed for communication boards used by mobile phone operators, demand expanded for network systems and security-related system, including countermeasures against targeted attacks, to government agencies and technology companies. Overall, sales were strong with the demand for enterprise security software growing as well.

Resulting net sales in this business were 19,997 million yen, a 24.3% year-on-year increase, and operating income was 2,735 million yen, a 12.9% year-on-year increase.

Note: Figures above do not include consumption tax.

## 2) Outlook for the Fiscal Year

For the next consolidated fiscal year, the Group forecasts that the Japanese economy will remain stagnated temporarily, due to the recoil reduction as a reaction to the rush demand associated with the consumption tax rate hike, and its subsequent impact on the household. However, the Japanese economy is expected to recover, supported by the implementation of economic measures and the improvement of export conditions brought about by the recovery in overseas economies.

Under these circumstances, the Group forecasts that in the IC, electronic devices and other business, the market for communication infrastructure, including LTE base stations, will remain firm due to the expanding demand for

smartphones. The markets for automobile and industrial equipment will also remain firm backed by increasing demand as economies overseas recover. The Group will continue to strive to expand its shares and focus its lines in regions ripe for expansion and markets where profits can be anticipated.

In the network business, amid the increasing security demand among government agencies and enterprises, demand for security-related products and software will likely expand. The Group will strive to offer even more suitable solutions and establish new associated materials in addition to its existing portfolio.

For the next consolidated fiscal year, the Group therefore expects the net sales to increase 5.5% year-on-year to 270,000 million yen, operating income to rise by 15.9% to 9,800 million yen, ordinary income to decrease 9.5% to 9,600 million yen, and net income to fall by 5.1% to 6,060 million yen.

## (2) Financial Position

### 1) Assets, Liabilities, and Net Assets

Total assets at the end of the current consolidated fiscal year amounted to 139,715 million yen, an increase of 24,400 million yen compared with the end of the previous consolidated fiscal year.

Current assets increased 24,613 million yen, compared with the end of the previous consolidated fiscal year. This is mainly due to an increase of 10,889 million yen in products, and an increase of 9,805 million yen in notes and accounts receivable.

Fixed assets decreased 213 million yen, compared with the end of the previous consolidated fiscal year.

This is mainly due to the amortization of goodwill.

Current liabilities increased 22,405 million yen, compared with the end of the previous consolidated fiscal year. This is mainly due to an increase of 10,081 million yen in notes and accounts payable, an increase of 6,052 million yen in short-term loans payable, and an increase of 3,229 million yen in other current liabilities.

Long-term liabilities decreased 6,075 million yen, compared with the end of the previous consolidated fiscal year. This is mainly due to a decrease of 6,418 million yen in long-term debt.

Net assets increased 8,069 million yen, compared with the end of the previous consolidated fiscal year. This is mainly due to an increase of 5,421 million yen in retained earnings, and an increase of 1,657 million yen in foreign exchange losses.

## 2) Cash flows

Cash and cash equivalents in the current consolidated period were 18,637 million yen, including an increase of 1 million yen from newly consolidated subsidiaries. This was an increase of 1,546 million yen from 17,089 million yen as of the end of the previous consolidated fiscal year.

### Cash flows from operating activities

Cash inflow from operating activities was 3,987 million yen, a year-on-year decrease of 3,259 million yen. While various items weighted down the cash flow, including an increase in notes and accounts receivable, trade and an increase in inventories, various other items boosted the cash flow, including an increase of 10,231 million yen in an income before income taxes and an increase in trade payable.

### Cash flow from investing activities

Cash outflow from investing activities was 1,501 million yen, a year-on-year decrease of 1,867 million yen, due to purchases of property and equipment and an increase in disbursement of loans.

### Cash flows from financing activities

Cash outflow from financing activities was 1,421 million yen, a year-on-year decrease of 2,808 million yen. While various items boosted the cash flow, including an increase in short-term loans, various other items weighted down the cash flow, including a decrease in repayment of long-term debt and a decrease in cash dividends paid.

### Consolidated asset, liability and cash flow indicators

	FY ended March 31 '14	FY ended March 31 '13	FY ended March 31 '12	FY ended March 31 '11	FY ended March 31 '10
Equity ratio	52.8%	57.1%	55.4%	56.6%	54.3%
Equity ratio at market value	38.8%	29.4%	32.0%	35.2%	26.6%
Years to debt redemption	2.6 years	—	0.7 years	—	—
Interest coverage ratio	45.7	—	75.9	—	—

**Notes:**

Equity ratio :	shareholders' equity/total assets
Equity ratio at market value:	market capitalization/total assets
Years to debt redemption :	interest-bearing debt/operating cash flow
Interest coverage ratio:	operating cash flow/interest payments

- All indicators are calculated on a consolidated basis. Market capitalization is the closing share price at the end of the period times the number of shares outstanding at the end of the period (excluding treasury stock).
- Interest-bearing debt is all liabilities posted on the full year balance sheets on which the Company pays interest. Interest payments is the amount posted on the consolidated statements of cash flow.
- Years to debt redemption and interest coverage ratio for the fiscal years ended March 31, 2010, 2011 and 2013 are omitted due to negative cash flow from operating activities.

### (3) Policy on Distribution of Profits and Dividend for the Current and the Next Period

The Macnica Group believes that respect for its shareholders and an emphasis on their importance is a key aspect of its management plan, and accordingly plans to make regular payment of stable cash dividends.

However, the integrated circuit, electronic device and network-related product businesses are very sensitive to changes in market trends and technological innovation. Accordingly, the role of retained earnings in preserving our financial strength must receive the most careful consideration. Dividend payments are therefore made not only on the basis of consolidated and non-consolidated performance, but also from the perspective of the overall financial health of the Macnica Group.

Based on the above policy, the Group expects to pay an annual dividend of 60 yen per share (an interim dividend of 30 yen per share and a year-end dividend of 30 yen per share).

The Group plans to pay an annual dividend of 60 yen per share (an interim dividend of 30 yen per share and a year-end dividend of 30 yen per share).



## II. Management Policy

### (1) Basic Management Policy

Macnica have implemented much more than simply distribution of electrical components, information and communications products. We have also provided engineering services offering the technical support needed in a continually changing and growing market, a role that clearly differentiates us from the competition. Furthermore, the Company seeks to create value itself, not only as "technology company" but "demand creation company," by deepening the Company's strong technology, and strives to improve the quality of added value.

The Macnica Group's basic management policies are: customers first, innovation, profitability, solid business methodology, and prioritization. Basing the Group's strategies for long-term development and growth on these principles, Macnica Group companies strive to benefit all stakeholders, be they shareholders, employees, customers, local regions or Japan itself.

### (2) Performance Indicators

The group has set the following targets for business indicators related to consolidated earnings.

- Ratio of Ordinary Income to Net Sales: over 5%
- Return on equity (ROE): over 10%

The Group will not only ensure stable income but also work to increase income through aggressive efforts related to the IC, electronic device, and network businesses. In addition, the Group is working to make effective use of its resources and increase profits by reforming inventory management, improving business processes, from receiving orders through distribution, and increasing business efficiency.

### (3) Medium to Long-Term Strategies and Other Business Issues

In regards to the environment that the Group is in and outlook for the future, it is unavoidable that the Group will experience both good and bad economic conditions as a result of trends in capital investments, particularly for communication infrastructure both within Japan and overseas, and medium- and long-term demand-supply conditions in the electronics industry, particularly for computers, consumer products, vehicles, and industrial equipment. The electronics industry is projected to see slower market growth within Japan, and in order to further expand earnings, a global strategy is necessary. In addition, Japanese companies are expected to accelerate their transfer of production, design, and R&D functions overseas. At this time, the Asia Pacific region, including China and Taiwan, will likely become a major semiconductor market not only increasing the transfer of electronic and IT related equipment throughout the world to the area but also having seen remarkable growth of local Asian companies.

Under these conditions, the Group has established local subsidiaries in Singapore, Hong Kong, Taiwan, Shanghai, and Thailand in order to respond to the needs of mainly Japanese manufacturers relocating production.

As one measure to strengthen the Group's ability to handle local overseas companies, the Group has built a system to accelerate its strategic expansion into the Asia Pacific region including penetrating local companies. These efforts have involved Cytech Technology Limited in China, Galaxy Far East Corporation in Taiwan, and Cytech Global Pte. Ltd. in the ASEAN region, including India. Furthermore, the Group will look to form alliances with companies with advanced technology in Europe and the United States; and support the entire cycle seamlessly from designing to production globally.



In future, the Group will make use of each Group company's advanced technical support abilities and broad customer base; generate synergies by sharing its technical support capabilities with its powerful product lineup, a strength of the Group; provide unique value to customers on a global level; and further develop its business.

### III. Consolidated Financial Statements

#### (1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2014	As of March 31, 2013
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and deposits	18,637	17,088
Notes & accounts receivable	47,710	37,904
Securities	—	0
Products	48,576	37,686
Deferred tax assets	1,503	1,335
Other current assets	9,583	7,185
Allowance for doubtful accounts	(314)	(118)
<b>Total current assets</b>	<b>125,696</b>	<b>101,083</b>
<b>Fixed assets</b>		
Buildings and structures	5,263	5,160
Accumulated depreciation	(2,744)	(2,623)
Buildings and structures (Net)	2,518	2,536
Equipment and fittings	161	158
Accumulated depreciation	(147)	(140)
Equipment and fittings (Net)	13	17
Land	3,558	3,557
Leased assets	813	755
Accumulated depreciation	(346)	(247)
Leased assets (Net)	467	508
Other fixed assets	3,911	3,505
Accumulated depreciation	(2,911)	(2,628)
Other fixed assets (Net)	999	877
<b>Tangible assets</b>	<b>7,558</b>	<b>7,497</b>
Goodwill	1,083	1,312
Other	777	863
<b>Intangible assets</b>	<b>1,861</b>	<b>2,175</b>
Investment in securities	2,788	2,670
Deferred tax assets	1,290	1,358
Other	574	606
Allowance for doubtful accounts	(54)	(77)
<b>Investments and other assets</b>	<b>4,599</b>	<b>4,559</b>
<b>Total fixed assets</b>	<b>14,018</b>	<b>14,232</b>
<b>Total Assets</b>	<b>139,715</b>	<b>115,315</b>

(Millions of yen)

	As of March 31, 2014	As of March 31, 2013
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Notes & accounts payable	31,266	21,185
Short-term loans payable	10,552	4,500
Lease obligation	51	43
Accrued income taxes	3,126	1,129
Accrued bonuses	2,203	1,181
Reserve for bonuses to directors	14	—
Other current liabilities	12,755	9,525
<b>Total current liabilities</b>	<b>59,971</b>	<b>37,565</b>
<b>Long-term liabilities</b>		
Long-term debt	—	6,418
Lease obligation	377	354
Accrued retirement benefits	—	3,022
Retirement benefits for directors	459	440
Liability for retirement benefits	3,231	—
Other current liabilities	420	329
<b>Total long-term liabilities</b>	<b>4,488</b>	<b>10,563</b>
<b>Total Liabilities</b>	<b>64,459</b>	<b>48,129</b>
<b>Shareholders Equity</b>		
Paid-in capital	11,194	11,194
Additional paid-in capital	19,476	19,476
Retained earnings	41,186	35,765
Treasury stock	(1,011)	(1,090)
Total shareholders' equity	70,846	65,346
<b>Other comprehensive income</b>		
Unrealized holding gain on securities	366	192
Gain(loss) on deferred hedge	—	(622)
Translation adjustments	2,561	903
Total comprehensive income	2,927	473
Stock acquisition right	81	92
Minority interest	1,399	1,274
Total net assets	75,255	67,186
<b>Total Liabilities &amp; Net Assets</b>	<b>139,715</b>	<b>115,315</b>

## (2) Consolidated Statements of Income

(Millions of yen)

	April 1, 2013- March 31, 2014	April 1, 2012- March 31, 2013
<b>Net sales</b>	255,967	196,452
Cost of sales	222,223	168,314
Gross profit	33,744	28,137
Selling, general & administrative expenses	25,288	22,390
<b>Operating income</b>	<b>8,456</b>	<b>5,747</b>
<b>Non-operating income</b>		
Interest income	38	36
Dividend income	48	34
Rent income	33	29
Foreign exchange gain	2,222	—
Right of indemnification for product loss	34	34
Gain on investment in investment association	9	6
Reversal of allowance for bad debt	19	35
Other	67	74
<b>Total non-operating income</b>	<b>2,473</b>	<b>251</b>
<b>Non-operating expenses</b>		
Interest paid	82	77
Loss on transfer of receivables	171	166
Foreign exchange loss	—	9
Expense for business compensation	16	24
Other	56	30
<b>Total non-operating expenses</b>	<b>326</b>	<b>309</b>
<b>Ordinary income</b>	<b>10,603</b>	<b>5,689</b>
<b>Extraordinary income</b>		
Proceeds from sales of fixed assets	5	0
Proceeds from sale of investment securities	154	1,044
Allowance for bad debt	—	1
<b>Total extraordinary income</b>	<b>160</b>	<b>1,046</b>

(Millions of yen)

	April 1, 2013- March 31, 2014	April 1, 2012- March 31, 2013
<b>Extraordinary losses</b>		
Loss on disposal of fixed assets	33	32
Impairment loss	—	720
Loss on valuation of investment securities	—	82
Loss on valuation of claim of affiliates	201	16
Loss on valuation of investment in affiliates	131	356
Provision for allowance for doubtful accounts from subsidiaries and affiliates	164	—
Other	—	134
<b>Total extraordinary losses</b>	<b>531</b>	<b>1,341</b>
<b>Income before income taxes</b>	<b>10,231</b>	<b>5,393</b>
Corporate, inhabitant and enterprise taxes	4,263	2,290
Income tax adjustment	(484)	(275)
<b>Total corporate tax etc.</b>	<b>3,779</b>	<b>2,014</b>
<b>Income before minority interests</b>	<b>6,452</b>	<b>3,379</b>
<b>Minority interests in net income</b>	<b>70</b>	<b>30</b>
<b>Net income</b>	<b>6,382</b>	<b>3,348</b>
<b>Income before minority interests</b>	<b>6,452</b>	<b>3,379</b>
<b>Other comprehensive income</b>		
Unrealized holding gain on securities	174	(370)
Gain(loss) on deferred hedge	622	(292)
Translation adjustments	1,757	2,489
<b>Total comprehensive income</b>	<b>2,554</b>	<b>1,826</b>
<b>Comprehensive income</b>	<b>9,007</b>	<b>5,205</b>
(Breakdown of comprehensive income)		
Comprehensive income attributable to the shareholders of the parent company	8,836	5,026
Comprehensive income attributable to minority shareholders	170	178

### (3) Consolidated Statements of Changes to Shareholders' Equity

(Millions of yen)

	April 1, 2013- March 31, 2014	April 1, 2012- March 31, 2013
<b>1. Shareholders' Equity</b>		
<b>Paid-in capital</b>		
Balance at start of period	11,194	11,194
Balance at end of period	11,194	11,194
<b>Additional paid-in capital</b>		
Balance at start of period	19,476	19,476
Changes in the fiscal year :		
Disposal of treasury stock	(0)	
Changes in the fiscal year (Total)	(0)	
Balance at end of period	19,476	19,476
<b>Consolidated retained earnings</b>		
Balance at start of period	35,765	33,125
Changes in the fiscal year :		
Dividends	(885)	(708)
Net income	6,382	3,348
Change in scope of consolidation	(62)	—
Disposal of treasury stock	(13)	
Changes in the fiscal year (Total)	5,421	2,640
Balance at end of period	41,186	35,765
<b>Treasury stock</b>		
Balance at start of period	(1,090)	(1,089)
Changes in the fiscal year :		
Acquisition of treasury stock	(0)	(0)
Disposal of treasury stock	80	
Changes in the fiscal year (Total)	79	(0)
Balance at end of period	(1,011)	(1,090)
<b>Total shareholders' equity</b>		
Balance at start of period	65,346	62,706
Changes in the fiscal year :		
Dividends	(885)	(708)
Net income	6,382	3,348
Change in scope of consolidation	(62)	—
Acquisition of treasury stock	(0)	(0)
Disposal of treasury stock	66	
Changes in the fiscal year (Total)	5,500	2,640
<b>Shareholders' equity</b>	70,846	65,346

(Millions of yen)

	April 1, 2013- March 31, 2014	April 1, 2012- March 31, 2013
<b>2. Other comprehensive income</b>		
<b>Unrealized holding gains on other securities</b>		
Balance at start of period	192	562
Changes in the fiscal year :		
Changes other than shareholders' equity (Net)	174	(369)
Changes in the fiscal year (Total)	174	(369)
Balance at end of period	366	192
<b>Gain(loss) on deferred hedge</b>		
Balance at start of period	(622)	(330)
Changes in the fiscal year :		
Changes other than shareholders' equity (Net)	622	(292)
Changes in the fiscal year (Total)	622	(292)
Balance at end of period	—	(622)
<b>Translation adjustments</b>		
Balance at start of period	903	(1,436)
Changes in the fiscal year :		
Changes other than shareholders' equity (Net)	1,657	2,339
Changes in the fiscal year (Total)	1,657	2,339
Balance at end of period	2,561	903
<b>Total comprehensive income</b>		
Balance at start of period	473	(1,204)
Changes in the fiscal year :		
Changes other than shareholders' equity (Net)	2,454	1,677
Changes in the fiscal year (Total)	2,454	1,677
Balance at end of period	2,927	473
<b>Stock acquisition right</b>		
Balance at start of period	92	56
Changes in the fiscal year :		
Changes in minority interest due to increase of consolidated subsidiaries	(11)	35
Changes in the fiscal year (Total)	(11)	35
Balance at end of period	81	92



(Millions of yen)

	April 1, 2013- March 31, 2014	April 1, 2012- March 31, 2013
<b>Minority interest</b>		
Balance at start of period	1,274	1,165
Changes in the fiscal year :		
Changes other than shareholders' equity (Net)	125	108
Changes in the fiscal year (Total)	125	108
Balance at end of period	1,399	1,274
<b>Total Net Assets</b>		
Balance at start of period	67,186	62,724
Changes in the fiscal year :		
Dividends	(885)	(708)
Net income	6,382	3,348
Change in scope of consolidation	(62)	—
Acquisition of treasury stock	(0)	(0)
Disposal of treasury stock	66	—
Changes other than shareholders' equity (Net)	2,569	1,822
Changes in the fiscal year (Total)	8,069	4,462
Balance at end of period	75,255	67,186

#### (4) Consolidated Statements of Cash Flow

(Millions of yen)

	April 1, 2013- March 31, 2014	April 1, 2012- March 31, 2013
<b>1. Operating activities</b>		
Income before income taxes	10,231	5,393
Depreciation and amortization	1,119	1,301
Impairment loss	—	720
Amortization of goodwill	228	228
Change in allowance for doubtful accounts	165	(14)
Change in accrued bonuses	1,011	(124)
Change in accrued retirement benefits	—	502
Change in liability for retirement benefits	208	—
Change in retirement benefits for directors	19	19
Interest and dividend income	(86)	(71)
Interest expense	82	77
Loss (gain) on translation	(152)	(101)
Gain on investment in investment association	(9)	(6)
Loss (gain) on sale of fixed assets	(5)	(0)
Loss (gain) on sale of investment securities	(154)	(1,044)
Loss (gain) on valuation of investment securities	—	82
Loss on valuation of stocks of subsidiaries and affiliates	201	16
Loss on valuation of investment in affiliates	131	356
Change in notes and accounts receivable, trade	(8,499)	1,070
Change in inventories	(9,577)	(7,166)
Changes in trade payable	8,788	(926)
Change in accrued consumption tax	(212)	(369)
Change in other current assets	(1,181)	(1,037)
Change in other current liabilities	3,805	41
Other	191	124
<b>Sub-total</b>	<b>6,306</b>	<b>(927)</b>
Interest and dividends received	85	68
Interest paid	(87)	(77)
Corporate tax Payment (refund)	(2,317)	(2,322)
<b>Net cash provided by (used in) operating activities</b>	<b>3,987</b>	<b>(3,259)</b>

(Millions of yen)

	April 1, 2013- March 31, 2014	April 1, 2012- March 31, 2013
<b>2. Investing Activities</b>		
Purchases of securities	—	(123)
Proceeds from sales of securities	—	750
Disbursement of loans	(7,948)	(5,701)
Proceeds from collection of loans	7,445	4,512
Purchases of property and equipment	(706)	(699)
Proceeds from sales of property and equipment	6	9
Purchases of intangible assets	(358)	(281)
Proceeds from sales of intangible assets	63	—
Purchases of investment securities	(19)	(3)
Proceeds from sales of investment securities	66	33
Purchases of shares of affiliates	(56)	(210)
Payment for investments in affiliates	(72)	(95)
Other	78	(56)
<b>Net cash provided by (used in) investing activities</b>	<b>(1,501)</b>	<b>(1,867)</b>
<b>3. Financing activities</b>		
Change in short-term loans	2,000	(2,000)
Repayment of long-term debt	(2,500)	—
Acquisition of treasury stock	(0)	(0)
Cash dividends paid	(884)	(708)
Cash dividends paid to minority shareholders	(42)	(33)
Other	6	(66)
<b>Net cash provided by (used in) financing activities</b>	<b>(1,421)</b>	<b>(2,808)</b>
<b>4. Translation adjustments on cash and cash equivalents</b>	<b>482</b>	<b>802</b>
<b>5. Net increase (decrease) in cash and cash equivalents</b>	<b>1,546</b>	<b>(7,133)</b>
<b>6. Cash and cash equivalents at beginning of the year</b>	<b>17,089</b>	<b>24,222</b>
<b>7. Cash and cash equivalents of newly consolidated subsidiary</b>	<b>1</b>	<b>—</b>
<b>8. Cash and cash equivalents at year end</b>	<b>18,637</b>	<b>17,089</b>

## **(5) Notes to the Consolidated Balance Sheet**

### **Notes Regarding Going Concern Assumption**

Not applicable

### **Application of "Accounting Standard for Retirement Benefits", etc.)**

The Company applied "Accounting Standard for Retirement Benefits" (ASBJ Statement No.26, May 17, 2012) and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No.25, May 17, 2012) from the end of this fiscal year excluding the paragraph 35 of ASBJ Statement No.26 and the paragraph 67 of ASBJ Guidance No.25. As a result, the Company recognized the difference between retirement benefit obligations and plan assets as Net defined benefit liability at the end of this fiscal year.

## **Segment Information**

### **1. Reportable segment outline**

Reportable segment are parts of the business for which it is possible to obtain separate financial information and that the board of directors regularly examines in order to evaluate decisions on allocation of business resources and earnings.

The Group has operations related to integrated circuits, electronic devices, networks, and other operations, and the company and its subsidiaries were established based on the products and services they handle. Each is an independent business unit, develops comprehensive strategies for both Japan and overseas, and undertakes business activities.

Therefore, the Group is composed of two business segments according to the particular products and services they handle—the IC and electronic device business and the network business. The IC and electronic device business handles the sales of products such as ICs and electronic devices and the network business is responsible for the sales of network-related hardware, software, and services.

### **2. Methods of calculating sales, profit or loss, assets and other items by reportable segment**

Accounting methods for reportable segments are mostly the same as the accounting methods described in "Basis of presenting consolidated financial statements."

Income by reportable segment is operating income. Intersegment sales and transfers are based on market values.

### 3. The amounts of sales, profit or loss, assets and other items by reportable segment

#### Current Consolidated Full Year (April 1, 2013 – March 31, 2014)

(Millions of yen)

	Reportable segment			Other	Total
	IC, electronic devices and other business	Network business	Sub-total		
Sales					
(1) Sales to external customers	236,000	19,966	255,967	—	255,967
(2) Internal sales or transfers between segments	—	30	30	—	30
Total	236,000	19,997	255,998	—	255,998
Operating income by segment	5,694	2,735	8,430	—	8,430
Assets by segment	124,512	17,017	141,529	—	141,529
Others					
Depreciation	677	441	1,119	—	1,119
Amortization of goodwill	228	—	228	—	228
Increase of tangible and intangible assets	566	485	1,051	—	1,051

#### Previous Consolidated Full Year (April 1, 2012 – March 31, 2013)

(Millions of yen)

	Reportable segment			Other	Total
	IC, electronic devices and other business	Network business	Sub-total		
Sales					
(1) Sales to external customers	180,401	16,050	196,452	—	196,452
(2) Internal sales or transfers between segments	—	32	32	—	32
Total	180,401	16,082	196,484	—	196,484
Operating income by segment	3,431	2,424	5,855	—	5,855
Assets by segment	103,359	13,852	117,212	—	117,212
Others					
Depreciation	848	452	1,301	—	1,301
Amortization of goodwill	228	—	228	—	228
Increase of tangible and intangible assets	977	494	1,472	—	1,472

#### 4. Main differences between the sum of profits for the various segments and the profit appearing in the quarterly consolidated statement of income (adjustments for differences)

(Millions of yen)

Sale	Current Consolidated Full Year	Previous Consolidated Full Year
Total segment income	255,998	196,484
Elimination of intersegment income	(30)	(32)
Sale in the consolidated statements of income	255,967	196,452

(Millions of yen)

Income	Current Consolidated Full Year	Previous Consolidated Full Year
Total segment income	8,430	5,855
Elimination of intersegment income	193	192
Corporate-wide expenses *	(168)	(300)
Operating income in the consolidated statements of income	8,456	5,747

\* Corporate-wide expenses mainly refer to "general & administrative expenses," not included in segment.

(Millions of yen)

Asset	Current Consolidated Full Year	Previous Consolidated Full Year
Total segment income	141,529	117,212
Elimination of intersegment income	(5,510)	(5,233)
Corporate-wide expenses *	3,696	3,336
Asset in the consolidated statements of income	139,715	115,315

\* Corporate-wide expenses mainly refer to "land" and "investment securities", not included in segment.

(Millions of yen)

	Segment Total		Other		Amount of adjustment *		Amount on the statements of income	
	Current Consolidated Full Year	Previous Consolidated Full Year	Current Consolidated Full Year	Previous Consolidated Full Year	Current Consolidated Full Year	Previous Consolidated Full Year	Current Consolidated Full Year	Previous Consolidated Full Year
Depreciation	1,119	1,301	—	—	—	—	1,119	1,301
Amortization of goodwill	228	228	—	—	—	—	228	228
Increase of tangible and intangible assets	1,051	1,472	—	—	—	—	1,051	1,472

## Per Share Information

	Current year April 1, 2013 to March 31, 2014	Previous year April 1, 2012 to March 31, 2013
Net assets per share	4,160.37 yen	3,717.99 yen
Net income per share	360.39 yen	189.15 yen
Diluted net income per share	359.18 yen	—

Notes:

1. Fully diluted net income per share has been omitted since there are no shares that could dilute earnings.
2. Basis for calculation of net income per share and diluted net income per share is shown below.

	Current fiscal year April 1, 2013 to March 31, 2014	Previous fiscal year April 1, 2012 to March 31, 2013
<b>Net income per share</b>		
Net income for the fiscal year	6,382 million yen	3,348 million yen
Amount not returned to common stock shareholders	—	—
Net income relating to common stock	6,382 million yen	3,348 million yen
Average number of shares of common stock during the period	17,709,779 shares	17,703,206 shares
<b>Diluted net income per share</b>		
Adjustment to net income for the fiscal year	—	—
Increase in number of common stock	59,469 shares	—
New share reservation rights	59,469 shares	—
Outline of stock not included in diluted net income per share due to lack of dilutive effect	—	<p>Ordinary shares as of August 23, 2010</p> <p>Main stock options approved by board of directors meeting on</p> <p>New share reservation rights: 2,500 (represents 250,000 common shares)</p>

	Current fiscal year ended March 31, 2014	Previous fiscal year ended March 31, 2013
Total net assets	75,255 million yen	67,186 million yen
Amount deducting from total net assets	1,481 million yen	1,366 million yen
- New share reservation rights	(81 million yen)	(92 million yen)
- Minority shareholder equity shareholder	(1,399 million yen)	(1,274 million yen)
Net assets applicable to common stock at the end of current period	73,774 million yen	65,819 million yen
Number of shares of common stock used to calculate net asset per share of common stock	17,732,665 million yen	17,703,037 million yen

## Subsequent Events

None